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 PUBLIC EMPLOYMENT
 RELATIONS BOARD

<p>In the Matter of Fact Finding</p> <p>Between</p> <p>City of Mason City, Iowa</p> <p>and</p> <p>AFSCME Local 1367</p>	<p>Paul Lansing</p> <p>Fact Finder</p>
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APPEARANCES

For The Employer: Brian Carrott, Human Resource Manager
 Ernie Kallay, Library Director

For The Union: Tracy Conner, AFSCME Council 61
 Murray Pappas, President, Local 1367

A hearing in the above matter was held on August 21, 2003 in Mason City, Iowa before the undersigned Fact Finder. During the hearing, both the City and the Union were given full opportunity to provide evidence and argument. Neither party filed a post-hearing brief.

I. BACKGROUND

This dispute involves contract negotiations between the City of Mason City, Iowa (hereinafter the "Employer" and the American Federation of State, County and Municipal Employees, AFL-CIO Local 1367 (Employees of the Water, Street, Sanitation, Park, Electrical and Library Departments) (hereinafter the "Union", the exclusive bargaining representative of approximately 77 employees. The City of Mason City has a population

of 29, 172 as of the 2000 census.

The record indicates that the parties are attempting to reach a contract settlement for the July 2003 to July 2004 fiscal year. The parties have conducted multiple bargaining sessions in an effort to reach an accord on a new agreement.

The parties filed for impasse with the Iowa Public Employment Relations Board. Unable to reach a settlement the undersigned fact finder was selected by the parties. A hearing was conducted by the fact finder on August 21, 2003.

While there is no explicit criteria in the Iowa statute by which a fact finder is to judge the reasonableness of the parties' bargaining proposals, Section 22.9 of the Act provides guidance for interest arbitrators in rendering awards. In this respect the statute, in relevant part, provides:

The panel of arbitrators shall consider in addition to any other relevant factors, the following factors:

- a. Past collective bargaining contracts between the parties including the bargaining that led up to such contracts.
- b. Comparison of wages, hours and conditions of employment of the involved public employees doing comparable work, given consideration to factors peculiar to the area and the classification involved.
- c. The interests and welfare of the public, the ability of the public employer to finance economic adjustments, and the effect of such adjustments on the normal standard of services.
- d. The power of the public employer to levy taxes and appropriate funds for

the conduct of its operations.

In addition, Section 17.6 of the statute provides that "no collective bargaining agreement or arbitrator's decision shall be valid or enforceable if its implementation would be inconsistent with any statutory limitation on the public employer's funds, spending or budget, or would substantially impair or limit the performance of any statutory duty of the public employer."

Although there is no specific reference to a fact finder, it is generally assumed within the industrial relations community that it is the intent of the Iowa statute that the fact finder formulate recommendations based upon the above cited criteria. Accordingly, the recommendations contained herein are formulated with due regard for the criteria mandated for interest arbitration.

II. ISSUES FOR CONSIDERATION

The parties remain at impasse on the following issues:

- A. Wages
- B. Health Insurance

III. WAGES

A. Position of the Union. The Union's final offer for the fact finding on the matter of wages calls for a 5% increase for all employees, plus an additional 1½% to all library employees. (Union Exhibit Introduction). The Union maintains that since ability to pay is not an issue here, comparability is the main criteria to be considered when making a recommendation in this matter.

Toward that end, the Union presented other cities in Iowa based upon population.

The Cities cited were - Ames (50,731), Ankeny (27,117), Bettendorf (31,275), Burlington (26,839), Cedar Falls (36,145), Clinton (27,772), Fort Dodge (25,136), Marion (26,294), Marshalltown (26,009), Ottumwa (24,998), Urbandale (29,078) and West Des Moines (42,525). Regarding public works employees, all the above cities are unionized. For public libraries employees, only four of the above cities are unionized (Bettendorf, Burlington, Fort Dodge and Ottumwa). Of the above cities cited, Mason City is number five in rank of population.

The Union broke up the Public Works Employees into four classifications - a) Heavy Equipment Operator, b) Electrician, c) Waste Water Treatment Plant Operator and d) Mechanic and then compared them on all average hourly earnings basis with the other cities mentioned above. Where no such classification existed elsewhere, the Union noted that information. For the Public Library Employees, the Union used mainly four classifications - a) Assistant Full-Time, b) Assistant Part-Time, c) Desk Assistant and d) Clerk and then compared them on an average hourly earnings bases with the other cities mentioned above.

The general conclusion reached by the Union was that in each of the Public Works Employees classifications, the employees of Mason City were earning less than the employees of the group of comparable cities. More specifically, the average wage of Heavy Equipment Operators in the comparable cities was \$18.91 while in Mason City it was \$15.93, a difference of 18.71%. For Electricians, the average wage in comparable cities was \$18.97, while in Mason City it was \$16.77, a difference of 13.12%. For Waste Water Treatment Plant Operators, \$18.93 versus Mason City's \$15.96, a difference of

18.61%. For Mechanics, \$19.72 versus Mason City's \$16.18, a different of 21.87%.

For Public Library Employees, the Union performed the same kind of comparison at the different classifications. Although no summary of the wage difference was offered, generally Mason City employees receive less than the comparable cities employees. This comparison was more difficult to accomplish because there was less consistency in job classifications across the comparison cities.

Last, the Union presented information on wage settlements for the upcoming fiscal year among the other cities. The settlements were: Ames - 4%, Ankeny - 5% to 18%, Bettendorf - 2½%, Burlington - 3%, Cedar Falls - 2.75%, Clinton - 3%, Fort Dodge - 4%, Marion - 3%, Marshalltown - 0%, Ottumwa - 3%, Urbandale - 2.5%, West Des Moines - 4%.

It is the Union's position that a 5% wage increase for its Public Works Employees will come to a total cost of \$111,781.20, or an 80¢ per hour increase per employee. A 6½% wage increase for its Public Library Employees will cost \$13,467.27, or an 72¢ per hour increase per employee.

B. Position of the Employer. The Employer's final offer for fact finding on the matter of wages calls for a 2½% increase across the board for all members of the Union. The Employer does not argue that ability to pay is of issue here. Therefore, comparability is the main measure used by the Employer.

However, where the Union used population for comparison purposes, the Employer uses geography as well as population in determining its list of comparable cities. The Employer believes that similar geographic characteristics and similar costs of

living need to be included when determining comparable cities. Toward that goal, the Employer includes the following cities in its list of comparable cities: Ankeny (27,117), Charles City (7,812), Clear Lake (8,161), Clinton (27, 772), Fort Dodge (25,136), Marshalltown (26,009), Newton (15,579), Ottumwa (24,998), Spencer (11,317) and Webster City (8,176). Using the average maximum hourly wage of these comparison cities, Heavy Equipment Operators earn \$15.66 compared to \$15.93 for Mason City, Mechanics earn \$16.80 compared to \$16.17 for Mason City, Waste Water Treatment Plant Operators earn \$16.11 compared to \$16.17 for Mason City. Assistant Full Time Librarians earn \$11.88 compared to \$12.97 for Mason City and Desk Clerks earn \$10.52 compared to \$9.19 for Mason City.

In addition, the Employer presented information about the Consumer Price Index. It noted that it had increased from 1993-2002 an average of 2.53%, in 2002 only 1.6% and so far in 2003 about 2.44% (City Exhibit #12). Historically, the percentage wage increase was closely similar to the CPI increase from the previous year. In addition, the Employer submitted median home value which indicated that Mason City was below that of its comparable cities (City Exhibit #10).

It is the Employers position that a 2.5% across the board wage increase for the Union's members will come to a total salary cost of \$61,071 for the Employer.

C. Discussion and Contract Recommendation. Both parties rely upon the comparison argument in support of their positions. While the Union uses the measure for comparison of population size, the Employer uses the measure of geography as well as population. It is the philosophical difference deployed here by the parties that makes this

a difficult comparison case.

Having lived in Iowa for a long time, I do not think it appropriate to compare Mason City to suburban communities next to large cities in Iowa. Therefore, I do not think the Union's inclusion of Ankeny, Bettendorf, Cedar Falls, Marion, Urbandale or West Des Moines is appropriate for comparison purposes. Those cities exist in a much different economic climate than does Mason City.

On the other hand, I think the Employer also includes cities that are inappropriate for comparison purposes. Those would include Charles City, Spencer and Webster City, all much smaller than Mason City.

The only cities listed in common by the parties are: Ankeny, Clinton, Fort Dodge, Marshalltown and Ottumwa. As the Union noted previously, the settlements for next year among this group is: Ankeny - 5% to 18%, Clinton - 3%, Fort Dodge - 4%, Marshalltown - 0% and Ottumwa - 3%.

There is a limit to which one can use comparables to determine the most appropriate remedy in the present situation. The percentage wage increase does not reflect what negotiated compromises the two parties may have made to reach their final agreement. Concessions made by others involved are not reflected in the numbers alone. I do not know why the Union in Marshalltown settled for a 0% increase this year, although I can guess that it was to preserve jobs. I do not know what the 5%-18% raise in Ankeny covers or how it was determined. Also, it would be difficult for me to use Fort Dodge for comparison when the Union's materials reflect that Fort Dodge has no applicable positions for Heavy Equipment Operators, Electricians or Library Clerks. In

other words, I have incomplete information to make an informed recommendation even if the parties had agreed upon appropriate comparables.

Having noted the above, if I look back upon the wage settlements provided by the Union, with the exception of Ankeny, I do not see any settlements of 5% or more. In fact, using the Union's comparables, most wage settlements were in the area of 3%. Since the Employer did not include wage settlements for his comparables, I do not have that information to consider. Although the Union is requesting a 6½% raise for Public Library Employees, it has not given any rationale for such a large request or why it has decided to single out the Public Library Employees for an additional 1½% over the other members of the bargaining unit.

In light of the above information, the undersigned recommends that the Employer grant a three (3) percent increase to all members of the Union. With the other recommendation cited in this report, the fact finder concludes that this recommendation is warranted by the facts and can serve as a settlement for the Employer and the Union.

IV. HEALTH INSURANCE

A. Position of the Union. The Union's final offer for fact finding on the matter of health insurance calls for no changes in insurance rates or coverage. According to the Union's own comparables, only Bettendorf and Burlington pay 100% of single and family health insurance for all Public Works Employees and Public Library Employees. The foundation of the Union position seems to be that they have always had 100% coverage and any contribution they would have to make would amount to a reduction in their wage rate. History is on the side of the Union on the matter of health insurance.

In addition, the Union maintains that Mason City is self-funded and does not pay 100% of the recommended premiums from the third party carrier.

B. Position of the Employer. The Employer's final offer for fact finding on the matter of health insurance is to have employees contribute \$25.00 per month towards family insurance. The Employer notes that in 1997, the City paid out \$954,259 in health insurance claims for employees. In 2002, the City paid out \$1,658,575 in health insurance claims for employees. Insurance claims during that period increased 57.5%. Further, the Employer points out that Police Department employees contribute \$25.00 per month towards family health insurance coverage. Also, effective this year, non-bargaining employees will contribute \$25.00 per month towards a health insurance premium, whether they have single or family coverage.

In City Exhibit #11, the Employer shows that most comparable cities require an employee contribution to their health insurance coverage and that the contribution is substantially more than the \$25.00 being sought here for family coverage.

C. Discussion and Contract Recommendation. The issue of health insurance is a difficult issue for both parties. The difficulty stems from the fact that neither party can control the rising costs associated with health insurance. Since neither party can control the costs, they are left with the problem of what is the fairest way to apportion the costs.

The Employer has put forth a modest proposal here which is the same as other Employer units are paying. Clearly both parties understand that the trend is for employees to contribute towards their own health insurance coverage.

However, what the Employer is seeking here is a structural change to the historic

contract relationship between the parties. As a neutral, it is my position that the party seeking such change needs to demonstrate a clear and convincing rationale for such a change. The burden of proof lies with the party seeking the structural damage.

At the hearing, most of the discussion was on the issue of wages, not health insurance. While I think both parties recognize the necessity of formulating a new method of dealing with the rapidly increasing costs of health insurance, the better solution would be for the parties to negotiate the issue themselves rather than an outside neutral suggest or impose a solution upon them. For example, one objection of the Union was that a contribution to health insurance would effectively mean a reduction in the wage increase. Perhaps, the City would consider a one-time increase in wages above the comparables in exchange for the Union's acceptance of a required contribution to their own health insurance coverage.

Other than indicating that non-bargaining employees were now going to contribute \$25.00 per month toward health insurance coverage, the Employer has not demonstrated why the historic contract relationship between the parties should be changed at this time. However, the Union should recognize that the present contract relationship regarding health insurance coverage cannot last much longer and it may be in their best interest to negotiate the matter with the Employer in exchange for another benefit they desire. To do otherwise, might be short sighted by the Union.

In light of the above information, the undersigned recommends that the present contract language regarding health insurance coverage remain in place. With the other recommendation cited in this report, the fact finder concludes that this recommendation is

warranted by the facts and can serve as a settlement for the Employer and the Union.

V. SUMMARY

For the reasons cited in this report, the undersigned makes the following recommendations for the 2003-2004 contract:

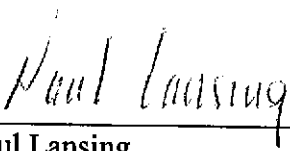
Wages - Three (3) percent increase for all Union members.

Health Insurance - Maintain current contract provisions.

It is expected that neither party will be happy with the recommendations.

Hopefully, they can serve as a basis for further negotiations and a contractual accord between the parties.

August 29, 2003
Champaign, Illinois



Paul Lansing
Fact Finder

CERTIFICATE OF SERVICE

I certify that on the 29th day of August 2003, I served the foregoing Report of Fact Finder upon each of the parties to this matter by mailing a copy to them at their respective addresses as shows below:

Brian Carrott
City of Mason City
10 1st Street N.W.
Mason City, IA 50405

Tracy Conner
Council 61
4320 N.W. Second Avenue
Des Moines, IA 50313

I further certify that on the 29th day of August 2003, I will submit this Report for filing by mailing it to the Iowa Public Employment Relations Board, 514 East Locust, Suite 202, Des Moines, Iowa 50309.



Paul Lansing
Fact Finder